

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
APRIL 25, 1995
CHICAGO, ILLINOIS**

A Regular Meeting of the Illinois Gaming Board was held on April 25, 1995 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Gayl S. Pyatt, J. William Roberts and Robert F. Vickrey.

In addition, Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey and Thomas Swoik; the media and general public were in attendance.

Chairman Johnson called the meeting to order at 9:30 a.m. and the Board immediately adjourned to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:

1. Issues Concerning Applicants and Licensees
2. Recommendations of Administrative Law Judges
3. Pending and Probable Litigation Matters
4. Closed Session Minutes

The motion was approved unanimously by voice vote and the Board retired to Closed Session at 9:32 a.m.

The Illinois Gaming Board reconvened in Open Session at 12:14 p.m.

Ms. Pyatt moved that the minutes from the open and closed sessions of the Regular Meeting of March 21, 1995, as well as, the minutes from the Special Meetings held on March 26 and 27, 1995 be approved as submitted. Mr. Browder seconded the motion. The motion was approved unanimously by voice vote.

The Administrator next pointed out that the audited financial statements for the year ending 1994 were in and as of this date all ten licensees had been approved and are in compliance with the Minimum Internal Control Standards. Monthly Statistics reflected a nearly \$100 million adjusted gross receipts figure for the month of March, the highest in Illinois since the inception of riverboat gaming. The Administrator then presented the Cruise Disruption, Underage Gambling and Credit Reports. He also discussed the issue of youth gambling and stated that staff would be redoubling its effort in enforcing these requirements.

The Administrator reported that the new contingent of 24 State Police Officers are in training in the investigatory and on boat security processes. He stated that the additional

complement of staff would help improve our presence on all riverboats, help reduce overtime and aid in our central office investigative functions.

The next order of business concerned Items Concerning Owner Licensees.

Mr. Frank Pedulla, President & Chief Operating Officer, appeared and requested approval of the relicensure of the Casino Rock Island.

Mr. Vickrey offered the following resolution, to wit:

BE IT RESOLVED:

That the Board renew the owner's license of the Rock Island Boatworks for a period of one year commencing on May 15, 1995. In renewing the owner's license, the Board notes the following items of concern:

- (1) Prudent financial management will be required in the year ahead.
The Board advises the licensee that distribution of additional loans to related parties by Rock Island Boatworks, other than for payment of taxes on pass through income, would not appear advisable.
- (2) Through on-going training of casino personnel, Rock Island Boatworks should seek to avoid the type of internal control lapses that have been cited by the Administrator over the past three year period. A pattern of minor but persistent lapses with regard to the internal controls is a matter of Board concern.

In taking this renewal action, the Board also:

- (1) Commends Rock Island Boatworks for a strong commitment to the economic development of Rock Island and for a strategy of development that has proven successful.
- (2) Request Rock Island Boatwork's cooperation in the year ahead with regard to the development and financing of an economic impact analysis.

Mr. Vickrey moved the adoption of the resolution. Mr. Roberts seconded the motion. The motion was approved unanimously by voice vote.

Mr. Michael Ficaro, counsel for Southern Illinois Riverboat Casino Cruises, Inc., requested approval of the credit facility of \$120 million, as well as, the approval of the Pledge by SIRCC of the guarantee of \$150 million line of credit.

Mr. Roberts moved that the Board approve the pledge of Southern Illinois Riverboat Casino's assets as a guarantee for Players International's private placement of \$150,000,000 worth of notes. Ms. Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Mr. Roberts moved that the Board approve the pledge of Southern Illinois Riverboat Casino's assets as a guarantee for Players International's establishment of a \$120,000,000 line of credit. Ms. Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Ms. Susan Gouinlock, counsel for Hollywood Casino-Aurora, Inc., requested approval for the debt financing for the boat expansion project.

Ms. Pyatt moved that the Board approve Hollywood Casino-Aurora's request to obtain \$3,000,000 in financing through Sunrise Leasing Corporation. Mr. Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Occupational Licenses.

Mr. Vickrey moved that the Board adopt the staff recommendations regarding the approval of the application for an Occupational License, Level 1, submitted by John Costello. Mr. Vickrey further moved that the Board adopt the staff recommendations regarding the approval of 169 applications for an Occupational License, Level 2, and the approval of 269 applications for an Occupational License, Level 3 as well as the staff recommendations regarding the denial of 1 application for an Occupational License, level 2 and the denial of 10 applications for an Occupational License, Level 3.

Mr. Browder seconded the motion. The motion for these approvals and denials was approved unanimously by voice vote.

The next order of business concerned Supplier's Licenses.

Ms. Pyatt moved that the Board approve George C. Matteson Company's application for renewal of its Supplier's License. Mr. Browder seconded the motion. The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board approve Harrah's Illinois Corporation's application for renewal of its Supplier's License. Ms. Pyatt seconded the motion.

The motion was approved unanimously by voice vote. Members of the Board questioned Mr. Wilmott of Harrah's regarding the services and costs involved in the management services contract with the Illinois licensee. Members of the Board expressed concerns about the fair market value of all contractual services, including those of related party organizations. It was observed that this issue of fair market value extended well beyond the supplier's license for Harrah's.

The Chairman then asked the Administrator to look into the areas of inter-company transactions and contracts that provide for a percentage of revenue and to identify policy implications for the IGB regulatory process.

Ms. Pyatt moved that the Board approve Nevada Coin Mart's application for renewal of its Supplier's License. Mr. Browder seconded the motion. The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board approve Richard Irvine, Douglas Todoroff and John Campbell as members of the Board of Directors of Mikohn Gaming Corporation. Mr. Vickrey seconded the motion. The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board approve Michael Cox, Laurence Speiser and Henry Van Son as member of the Board of Directors of Paul-Son Gaming Supplies, Incorporated. Mr. Browder seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Administrative Hearings.

Mr. Roberts moved that the Board grant leave to Sammy Couch to withdraw his hearing request. He further moved that the Board deny leave to Sammy Couch to reapply for an occupational license within one year of today's date. Ms. Pyatt seconded the motion. The motion was approved unanimously by voice vote.

Chris Anderson, representative of the Illinois Council on Problem and Compulsive Gambling, raised several questions pertaining to HB1270. He asked that the Board support this bill and suggested that an advisory board of experts be set up who can help the Board understand and define the nature of the compulsive gambler. Mr. Anderson also stated that he supports the Gaming Board and all its efforts.

Deputy Administrator Thomas Swoik reported on the Compulsive Gambling RFP and RFI. He stated that seven responses were received to the RFP and four responses to the RFI. Three staff members and one contractual employee performed an independent review of the proposal narratives. The budget information was reviewed by another staff member. Mr. Swoik recommended that the contract to compile the statewide inventory be awarded to Bensinger, DuPont & Associates and further recommended that the Board authorize that the Administrator negotiate and enter into contract with both the Illinois Council on Problem and Compulsive Gambling and Bensinger, DuPont & Associates to provide training throughout the State.

Mr. Browder moved that the Board authorizes the Administrator to negotiate a contract with Bensinger, DuPont & Associates to compile a statewide inventory of service providers to serve as outlets for compulsive gambling referrals and that this be done as expeditiously as possible. He further moved that the Board authorize the Administrator to negotiate contracts with both the Illinois Council on Problem and Compulsive Gambling and Bensinger, DuPont & Associates to provide specialized training programs for individuals who will be involved in the treatment of compulsive gamblers and their families. Ms. Pyatt seconded the motion. The motion was approved unanimously by voice vote.

The next order of business concerned Policy Items. A discussion of proposed amendments to rules 3000.300, 3000.310, 3000.320, 3000.330, 3000.340, 3000.350, 3000.500, 3000.510, 3000.615, 3000.616, 3000.617, 3000.636 was initiated.

Mr. Vickrey moved that the board accept rule 3000.102 as drafted by staff. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays by oral roll call.

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| Mr. Vickrey | Aye |
| Mr. Roberts | aye |
| Mr. Browder | aye |
| Ms. Pyatt | nay |
| Mr. Chairman | nay |

The discussion of draft rule changes continued. Mr. Browder directed specific concerns to the proposed draft rule 3000.510 concerning the conduct of gambling when riverboats are not cruising. Mr. Browder stated, "Assuming that the motion is as I would understand it to be, I plan to vote in favor of it. But before doing that I want it understood that the record clearly reveal that I have this problem about a Board's power to amend the law. I refer to the point that I made some months back, which was that I believe that the proper forum for making changes in the law is in the legislature. I believe that our paragraph 510 specifically in B and other parts, is actually, I'm talking now from a strict technical legal viewpoint, the (rule) is actually amending the law as (the rule is) already stated. There's no change in this one coming up. The legislature when it first passed this back in Section 11a1 that's the very first section under the gambling; specified that there may be no gambling unless the riverboat is (cruising); and they made no exceptions and the Board has made exceptions. and I simply want to record that I feel those exceptions are something that the legislature should make rather than this Board."

Ms. Pyatt stated, "I think it goes without saying the Board knows that I take the same view as Mr. Browder on this point and I suspect that Mr. Browder and I both feel that since the Board has with its majority decision determined that this is something we have the power to do that its better to revise what has been a troublesome regulation with something we hope will be an improvement."

Mr. Vickrey moved that the Board approve the proposed Rules 3000.300, 3000.310, 3000.320, 3000.330, 3000.340, 3000.350, 3000.500, 3000.510, 3000.615, 3000.616, 3000.617 and 3000.636 with the changes discussed in Open Session for submission as an initial filing with the Office of the Secretary of State. Mr. Roberts seconded the motion. The motion was approved unanimously by voice vote.

Mr. Richard Knight, Vice President and CEO, Hollywood Casino-Aurora, Inc., requested approval for the involvement of HCA in the redevelopment of the civic center property in downtown Aurora. Approval would be for a \$3 million cash payment and a, 50 year lease on property, tied to a bond which would be issued by the Aurora Civic Center Authority. The Board requested staff to draft an appropriate motion for consideration.

There being no further business to come before the Board, Ms. Pyatt moved that the Board stand adjourned. Mr. Browder seconded the motion. The motion was approved unanimously by voice vote and the Board stood adjourned at 2:34 p.m.

Respectfully Submitted,

Susan A. Offord
Secretary of the Board